



*News Release*

## **TRA to declare Batelco and Zain dominant in the provision of termination services on their mobile networks**

Manama – Kingdom of Bahrain, Wednesday 26 November 2008

The Telecommunications Regulatory Authority (TRA) issued for public consultation a Draft Statement on the regulation of termination services on mobile networks together with a Draft Determination declaring both Batelco and Zain dominant in their respective termination markets. Mobile termination is a wholesale input, used by operators to terminate calls, Short Messaging Services (SMS) and Multimedia Messaging Services (MMS) on mobile networks.

According to this determination, Zain's wholesale mobile termination rates i.e. the amount charged to other operators to terminate a call for example, will be regulated consistent with the provisions of the Telecommunications Law applying to operators declared dominant .

Currently; Zain termination rates are not regulated and are subject to commercial agreements. This contrasts with Batelco's rates which have been regulated since 2003 and have as a result decreased. TRA considers that it is now time to address this differential treatment between the two operators, given the significant growth of Zain since its entry, and at a time when further entry into the mobile market is expected. This will provide additional certainty to existing licensed operators and the third mobile operator, with regards to mobile termination rates.

Along the draft determination published, TRA also issued a Draft Statement which defines the position of TRA on the regulation of mobile termination services, including the legal basis and rationale for regulating mobile terminations rates, the basis for setting termination rates, how TRA intends to deal with the third mobile operator, and the question of symmetry of rates.

TRA's General Director Mr. Alan Horne said: "This determination is not only important to operators who terminate communications on the mobile networks but also to consumers of other networks trying to communicate with consumers on other mobile networks. In fact, termination rates are ultimately recovered through retail prices charged to consumers. Regulating termination rates is consistent with TRA mission to protect the interest of consumers and to promote competition".

TRA's Chief Economist Dr Alexandre Serot said: "Regulators have the duty to step in when the normal operation of market forces is deficient. Termination on mobile networks is one such example of market failure. Termination constitutes a bottleneck on which there is structurally limited room for competitive pressures. If left unregulated, mobile termination rates would be set above the competitive level. And this would be detrimental to consumers. The Draft Determination launched paves the way for a symmetrical treatment of both mobile operators."

The Draft Determination on Mobile Termination Rates and the Draft Statement on the regulation of mobile termination services can be viewed on TRA's website [www.tra.org.bh](http://www.tra.org.bh). Interested parties are invited to submit their comments by 4:00 pm on 1 March 2009.

### **About TRA**

The Telecommunications Regulatory Authority (TRA) was established by Legislative Decree No. 48 of 2002 promulgating the Telecommunications Law. TRA is an independent body and its duties and powers include, among other things, protecting the interests of subscribers and users and promoting effective and fair competition among existing and new licensed operators. More information regarding TRA can be viewed at [www.tra.org.bh](http://www.tra.org.bh)



**From left Mr. Alan Horne and Dr Alexandre Serot**

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